MERGER

FOREIGN AMENDMENT

18. 28178

S. T., INC.
Delaware

Agree of Merg merg SABINE TOWING & TRANSPORTATION CO., INC. into the abv & chg the cp nm to SABINE TOWING & TRANSPORTATION CO., INC.

FILING FEE $ 50.00

FILED IN THE OFFICE OF THE SECRETARY OF STATE STATE OF TEXAS

THIS 30th. **DAY OF** January, **19** 69.

LEDGER NO. 24478

NO E.I. #

XEROX
TAB ROOM

9528085

FULLY CONFORMED COPY

AGREEMENT AND PLAN OF MERGER

OF

SABINE TOWING & TRANSPORTATION CO., INC.

INTO

S. T. INC.

AGREEMENT AND PLAN OF MERGER (hereinafter called "this Agreement") dated as of November 15, 1968, among CHROMALLOY AMERICAN CORPORATION, a Delaware corporation (hereinafter called "Chromalloy") S. T. INC., a Delaware corporation (hereinafter called "S.T.") and SABINE TOWING & TRANSPORTATION CO., INC., a Delaware corporation (hereinafter called "Sabine"),

W I T N E S S E T H:

1. RECITALS

1.1 Corporate names. Chromalloy, S. T., and Sabine are corporations duly organized and existing under the laws of the State of Delaware. Each of said corporations was originally incorporated under its present name.

1.2 Outstanding Shares of Chromalloy. The authorized capital stock of Chromalloy consists of 10,000,000 shares of Common Stock, par value $1 per share, of which 4,606,499 shares are outstanding, and 825,000 shares of Preferred Stock, par value $1 per share, which the Board of Directors is authorized to issue in Series. The only shares of Preferred Stock issued by Chromalloy are part of its Series of Preferred Stock designated as "$5 Cumulative Convertible Preferred Stock" (hereinafter referred to as the "Convertible Preferred Stock") of which 325,119 of the 374,000 shares initially designated are outstanding. The number of shares of Common and Preferred Stock outstanding is

subject to change prior to the effective date of the merger to the extent that (1) employee stock options of Chromalloy, outstanding or to be outstanding, entitling the holders thereof to purchase shares of Common Stock are exercised, (2) outstanding shares of Convertible Preferred Stock, entitling the holders thereof to receive on conversion an aggregate of 1,264,063 shares of Common Stock, are converted, (3) additional shares of Common Stock or Preferred Stock are issued in the acquisition of other businesses.

1.3 Outstanding Shares of S.T. The authorized capital stock of S.T. consists of 1,000 shares of Common Stock, par value $1 per share, of which 1,000 shares are or will be outstanding prior to the effective date of the merger provided for herein. Chromalloy is and will on the effective date of the merger be the sole owner of all the outstanding Common Stock of S.T.

1.4 Outstanding Shares of Sabine. The authorized capital stock of Sabine consists of 60,000 shares of Common Stock, no par value, of which 51,000 shares are outstanding.

1.5 Action by Boards of Directors. The Boards of Directors of Chromalloy, S.T. and Sabine deem it advisable for the general welfare and advantage of such corporations and their respective stockholders that Sabine merge into S.T. pursuant to this Agreement and the applicable provisions of the laws of the State of Delaware, and that upon such merger shares of Convertible Preferred Stock of Chromalloy be delivered in exchange for the outstanding shares of Common Stock of Sabine as provided herein. Prior to December 13, 1968, each party shall submit to the other parties certified copies of resolutions duly adopted by its Board of Directors at a valid special or regular meeting thereof authorizing or ratifying

the execution and delivery by its officers of this Agreement, authorizing the consummation of the transaction contemplated herein in accordance with the provisions of and subject to the conditions and rights of termination in this Agreement, and in the case of Chromalloy also (a) authorizing the issuance of its Convertible Preferred Stock pursuant to this Agreement; and (b) voting the stock of S. T. owned by Chromalloy in favor of the merger contemplated herein, subject to exercise by Chromalloy or S. T. of any of their rights to terminate, as agreed in Section 5.2(h).

1.6 Shares entitled to vote. The Common Stock of S. T. and the Common Stock of Sabine are entitled to vote on the merger.

1.7 Constituent and surviving corporations. S. T. and Sabine are hereinafter sometimes referred to as the "Constituent Corporations", and S. T., as the corporation surviving the merger, which will have the name Sabine after the merger, is hereinafter sometimes referred to as the "Surviving Corporation".

2. EFFECT OF THE MERGER

2.1 The merger and effective date. At the effective date of the merger Sabine shall be merged into S. T. on the terms and conditions hereinafter set forth as permitted by and in accordance with the General Corporation Law of Delaware. The merger shall become effective forthwith upon the filing and recording of this Agreement in accordance with the requirements of Delaware law (such time being herein referred to as the "effective date of the merger"). Such filing and recording shall be made as soon as practicable after the requisite approval by the shareholders of Sabine as provided in Section 5.1(e) hereof, and after satisfaction or waiver of (a) the conditions to which the obligations of

Chromalloy and the Constituent Corporations are subject and (b) the requirements failure with regard to which any party has a right to terminate this Agreement under Section 6.

2.2 Surviving corporation. At the effective date of the merger the separate existence of Sabine shall cease and S.T. as the Surviving Corporation shall continue to exist as a corporation governed by the laws of the State of Delaware under the name Sabine Towing & Transportation Co., Inc. The Surviving Corporation shall thereafter, consistent with its Certificate of Incorporation, possess all the rights, privileges, powers, franchises and purposes of each of the Constituent Corporations; all the property, real, personal and mixed of the Constituent Corporations shall vest in the Surviving Corporation without further action or deed; and the Surviving Corporation shall become liable for all debts, liabilities, obligations (other than those liabilities, costs, and expenses, if any, paid out of the escrow fund pursuant to Section 5.1(f)) and duties of each of the Constituent Corporations, with all other consequences provided under the laws of Delaware. At any time or from time to time after the effective date of the merger the last acting officers of Sabine, or the corresponding officers of the Surviving Corporation, shall in the name of Sabine execute and deliver all such deeds, assignments and other instruments and take all such further action as the Surviving Corporation may deem necessary in order to carry out the intent and purpose of this Agreement.

2.3 Certificate of Incorporation. The Certificate of Incorporation of S.T., is hereby amended as of the effective date of the merger to change the name provided in Section 1 thereof from S.T. INC. to SABINE TOWING & TRANSPORTATION CO., INC. As so amended such Certificate shall continue as the Certificate of Incorporation

of the Surviving Corporation until further amended in accordance with applicable law.

2.4 By-Laws. The By-Laws of S.T. shall continue as the By-Laws of the Surviving Corporation until amended in accordance with applicable law. Upon the merger becoming effective, the number of Directors of the Surviving Corporation will be increased from three to fifteen in the manner permitted by Section 2 of Article III of the By-Laws.

2.5 Directors and Officers. Upon the merger becoming effective, the Directors and Officers of the Surviving Corporation shall be as follows and they shall hold office in accordance with the By-Laws until their successors are elected and qualified:

Directors

M. T. Ball
Harley T. Eddingston, Jr.
Roy Henry Fredrichsen
O. B. Hartzog
James A. Holton
Craig Stevenson
Robert Williams
Joseph Friedman
Raymond W. Burman
Wesley J. Barta
Frank P. Nykiel
Anthony N. Bentro
Richard P. Seelig
A. J. de Mayo
D. J. Giacoma

Officers

Chairman of the Board - M. T. Ball

President - Robert Williams

Vice Presidents

Joe I. Staggs, Executive Vice President
O. B. Hartzog
James A. Holton
Harley T. Eddingston, Jr.
Roy Henry Fredrichsen
Craig Stevenson

Secretary

O. B. Hartzog

Treasurer

Harley T. Eddingston, Jr.

3. CONVERSION OF SHARES

3.1 S.T. Stock. Each share of Common Stock of S.T. shall remain unchanged by the merger. Prior to (and not as a part of) the merger all of the 1,000 shares of authorized Common Stock of S.T. will be issued to Chromalloy in exchange for Chromalloy's transfer to S.T. of up to 126,400 shares of Chromalloy's Convertible Preferred Stock on the effective date of the merger.

3.2 Sabine Stock. At the effective date of the merger all shares of Common Stock of Sabine then issued and outstanding (excluding, however, any shares held in Sabine's Treasury) shall be converted into and become a total of 126,400 shares of Chromalloy's Convertible Preferred Stock, representing 2.478431 shares of Chromalloy's Convertible Preferred Stock per share of Sabine Common Stock; provided, however, that the number of shares of Chromalloy Convertible Preferred Stock actually issued will be adjusted downward to the extent that holders of Sabine Common Stock outstanding on the effective date assert and obtain the appraised value of their shares under §262 of the Delaware General Corporation Law on the basis of 2.478431 shares of Chromalloy Convertible Preferred for each share of Sabine Common Stock for which the appraised value is paid. Shares of Common Stock held in Sabine's Treasury, if any, shall be cancelled and not converted. At the effective date of the merger, S.T. will cause the appropriate number of shares of Chromalloy Convertible Preferred Stock to be transferred on the books of Chromalloy maintained by its transfer agent in the State of Missouri to the holders of record of Sabine's outstanding stock entitled to receive the same. The certificates representing such shares of Chromalloy Convertible Preferred Stock shall not be delivered to such persons until they have surrendered

their certificates representing Sabine Common Stock in the manner provided in Section 3.3.

3.3 Surrender of Certificates. After the effective date of the merger each holder of an outstanding certificate or certificates representing shares of Common Stock of Sabine outstanding prior to the effective date shall surrender the same to the Surviving Corporation and shall receive in exchange a certificate or certificates representing the number of whole shares of Convertible Preferred Stock into which such shares of Common Stock of Sabine have been converted. Until so surrendered, dividends payable to holders of record after the effective date of the merger in respect of such shares of Convertible Preferred Stock shall be delivered to and held by the Surviving Corporation and not remitted to the holders of record who have not surrendered certificates nominally representing shares of Common Stock of Sabine until such certificates are surrendered for exchange pursuant to this paragraph, at which time such dividends shall be remitted, without interest.

3.4 Fractional Share Interests. No fractional shares of Chromalloy Convertible Preferred Stock, or certificates or scrip therefor, shall be issued in connection with the conversion of Sabine Common Stock, but arrangements shall be made with Mercantile Trust Company National Association, St. Louis, Mo., or another exchange agent pursuant to which holders of Common Stock of Sabine entitled to fractional interests in shares of Chromalloy Convertible Preferred Stock shall, for a period expiring sixty (60) days following the effective date of the merger, have the election at the time of surrender of their Sabine Common Stock certificates to buy through

such exchange agent any additional fraction to make up a full share or to sell any fraction to which he is entitled. The exchange agent may offset buy and sell orders received by it. Any expenses of the execution of such orders, and transfer taxes applicable to offsets, will be apportioned by such exchange agent among the buy or sell orders of tendering shareholders, and the net cost will be billed, or the net proceeds remitted, as the case may be, to tendering shareholders on the basis of the average daily price on the day of the execution of such buy or sell orders. After the expiration of such period the exchange agent will, as agent for the holders of the then unsurrendered Sabine Common Stock certificates who are entitled to fractional share interests, sell shares of Chromalloy Convertible Preferred Stock equivalent to the total of such fractional share interests. Thereafter the exchange agent will pay to such holders, on surrender of their Sabine Common Stock certificates, their pro rata share of the net proceeds of such sale and any dividend payments received by the exchange agent in respect of the shares so sold, but without interest.

4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Sabine. Sabine represents and warrants to Chromalloy and S.T. as follows:

(a) Sabine is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has corporate power and authority to own its property, and to carry on its business as it is now being conducted, and (except to the extent qualified in a schedule delivered to Chromalloy) is duly qualified to do business and is in good

standing in each jurisdiction in which the character of the properties owned or the nature of the business transacted by it makes such qualification necessary.

(b) The authorized and outstanding shares of capital stock of Sabine are as stated in Section 1.4 of this Agreement and such outstanding shares are held of record by twenty-four (24) shareholders, subject to such changes in ownership as may be made prior to the effective date of the merger, written notice of all such changes to be promptly given by Sabine to Chromalloy. All of such outstanding shares have been, and all shares of Sabine Common Stock outstanding at the effective date of the merger will be, validly issued, fully paid and non-assessable. There are no outstanding options, contracts (other than this Agreement) or commitments entitling any person to purchase or otherwise acquire any shares of capital stock of Sabine.

(c) Sabine owns no subsidiaries.

(d) Sabine possesses all the licenses, franchises, permits and other governmental authorizations necessary for the valid conduct of its business.

(e) Sabine has delivered to Chromalloy and S.T. copies of its balance sheets as at December 31, 1963, 1964, 1965, 1966 and 1967, and its related statements of operations for the respective fiscal years ended on such dates, all certified by Messrs. Mazur, Ladner & Jackson, independent certified public accountants. Sabine has also delivered to Chromalloy its balance

sheet as at August 31, 1968, and its related statement of operations for the eight month period ended thereon, certified by an officer of Sabine. All such financial statements are true and correct, have been prepared in conformity with generally accepted accounting principles consistently applied, and fairly present the financial condition of Sabine as at the dates indicated and the results of its operations for the periods ended thereon, subject to the exceptions noted on a schedule delivered by Sabine to Chromalloy. At August 31, 1968, Sabine had no material liabilities, contingent or otherwise, not reflected or reserved against in the balance sheet dated August 31, 1968, other than a claimed income tax deficiency amounting to approximately $600,000, and other contingencies referred to in a schedule delivered by Sabine to Chromalloy, some of which, to the extent specified in said schedule, are not reflected or reserved against in said balance sheet. A settlement of such income tax deficiency has since been negotiated with the Internal Revenue Service for a total payment of approximately $325,000 excluding interest (approximately $147,000 to be settled by waiver of a claim for refund for unused investment credit and approximately $178,000 by cash payment, of which $140,000 was paid in October of 1968) and upon consummation of said settlement Sabine's liability for income taxes for all years through December 31, 1967, will be finally determined. Since August 31, 1968, (a) Sabine has not declared or paid any dividend or made any other

distribtuion on its Common Stock except a quarterly dividend of $1 per share paid September 10, 1968, (b) there has been no increase in the funded indebtedness of Sabine (throughout this Agreement "funded indebtedness" is intended to refer to indebtedness maturing by its terms more than twelve (12) months after the date such indebtedness is incurred), (c) there has been no material adverse change in the condition (financial or other) or results of operations of Sabine, (d) the business, properties or assets of Sabine have not been adversely affected as the result of any strike, fire, accident, natural disaster or other casualty in a way material to Sabine except as reflected in the schedule referred to above, and (e) Sabine has not entered into any transaction or incurred any liabilities not in the ordinary course of business, except as reflected in the schedule referred to above.

(f) Sabine has good and marketable title to its properties and assets, including the properties and assets reflected in the August 31, 1968, balance sheet referred to in paragraph (e) above, except properties and assets disposed of in the ordinary course of business since that date, free and clear of liens and encumbrances except those securing obligations in amounts not exceeding the amounts shown as secured debt on the August 31, 1968 balance sheet referred to in said paragraph (e) and except liens for current property taxes not yet delinquent and liens arising out of construction work on the new office building and out of repairs in the ordinary course

of business to ships, tugs, and barges and except other minor imperfections of title which do not materially detract from the value or interfere with the use of the properties affected thereby.

(g) Sabine is not in default in any material respect under the terms of any material loan agreement, mortgage (subject to Sabine obtaining consent to charter of S.S. Neches by Signal Oil & Gas Co.), lease, contract, agreement or commitment or in violation of its certificate of incorporation or by-laws, and neither the execution and delivery of this Agreement nor the consummation of the transactions provided for herein will result in a breach of or constitute a default under any of the foregoing or result in the creation of any lien or encumbrance on the assets of Sabine, except in cases where consent is contemplated as provided in Section 5.1(g) hereof.

(h) Except as disclosed in a schedule delivered to Chromalloy and S.T. by Sabine, Sabine is not engaged in or threatened with any material litigation or other proceedings, and Sabine is not now subject to any decree, order or other governmental restriction adversely affecting its business or assets.

(i) Sabine has delivered to Chromalloy a schedule showing ownership of securities of Sabine by each director and officer of Sabine and by "affiliates" (as that term is defined by the General Rules and Regulations promulgated under the Securities Act of 1933) of Sabine. Said schedule is accurate and there is no person other than those indicated on said schedule who to the knowledge

of Sabine can be considered directly or indirectly to control or to be controlled by or under common control with Sabine.

(j) A schedule listing the group life coverage, pension plan and other employee fringe benefit plans, if any, maintained by Sabine or being presently negotiated by Sabine has been delivered to Chromalloy and S.T. prior to the execution of this Agreement together with copies of the insurance policies, pension plan and other relevant documents upon which the foregoing employee benefit plans are based. Said schedule and the documents delivered to Chromalloy and S.T. are complete and accurate and reflect all of the obligations of Sabine with respect to group life insurance coverage, pension plans and other employee fringe benefit plans.

4.2 Representations and Warranties of Chromalloy. Chromalloy represents and warrants to Sabine as follows:

(a) Chromalloy is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has corporate power and authority to own its property and carry on its business as it is now being conducted, and (except to the extent qualified in a schedule delivered to Sabine) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or the nature of the business transacted by it makes such qualification necessary, and that the certified copy of the Certificate of Incorporation delivered to

Sabine is a true and accurate copy of the Certificate of Incorporation of Chromalloy presently in effect and that such Certificate will not be amended prior to the effective date of the merger except as contemplated in Section 5.2(e).

(b) The outstanding capital stock of Chromalloy is correctly stated in Section 1.2 of this Agreement; all of the outstanding shares of capital stock of Chromalloy are validly issued, fully paid and non-assessable. Prior to the effective date of the merger Chromalloy will not reclassify or split up its Common Stock or issue any stock dividends thereon payable in Common Stock or Preferred Stock and will not agree to issue or issue any shares of its Common Stock or Preferred Stock except (i) shares of Common Stock heretofore reserved for issuance upon conversion of Convertible Preferred Stock as set forth in Section 1.2 of this Agreement, or (ii) shares issued for or in connection with the acquisition of other businesses, or (iii) shares issued upon the exercise of stock options granted pursuant to Chromalloy's employee Stock Option Plans.

(c) Chromalloy and each of its subsidiaries, other than American Transit Corp. and its subsidiaries, possess all the licenses, franchises, permits and other governmental authorizations necessary for the valid conduct of their respective businesses. American Transit Corp. and its subsidiaries possess all such licenses, franchises, permits and other governmental authorizations as are deemed by the management of American Transit Corp.

to be necessary to carry on their respective businesses. There are no material, active contests or disputes regarding the authority of American Transit Corp. or any of its subsidiaries to conduct their respective businesses where same are now being conducted.

(d) Chromalloy has delivered to Sabine copies of its consolidated balance sheets as at December 31, 1963, 1964, 1965, 1966 and 1967, and its related consolidated statements of operations for the respective fiscal years ended on such dates, all certified to the extent stated in their reports relating thereto by Peat, Marwick, Mitchell & Co., independent certified public accountants. Chromalloy has also delivered to Sabine its consolidated balance sheet as at September 30, 1968, and its related consolidated statement of operations for the period ended thereon, certified by an officer of Chromalloy. Chromalloy has likewise delivered to Sabine the consolidated balance sheets as at December 31, 1967, of American Transit Corp. and The Valley Line Company, (formerly Mississippi Valley Barge Line Company) and their related consolidated statements of income for the year then ended, certified by Arthur Young & Co. and Peat, Marwick, Mitchell & Co., respectively, and the consolidated balance sheets as at September 30, 1968, of American Transit Corp. and The Valley Line Company and their related consolidated statements of income for the period ended thereon. All such financial statements are true and correct, have been prepared in conformity

with generally accepted accounting principles consistently applied, and fairly present the consolidated financial condition of Chromalloy and its consolidated subsidiaries and American Transit Corp. and The Valley Line Company and their consolidated subsidiaries as at the dates indicated and the results of their operations for the period ended thereon. At September 30, 1968, neither Chromalloy nor any subsidiary had any material liabilities, contingent or otherwise, not reflected or reserved against in the balance sheets dated September 30, 1968. Since September 30, 1968, (a) Chromalloy has not declared or paid any dividend or made any other distribution on its capital stock except for regular quarterly dividends and the distribution effective October 31, 1968, of one additional share of Common Stock for every two shares of Common Stock outstanding and the conversion of 55,484 shares of its previously authorized Series A Preferred Stock into the same number of shares of Convertible Preferred Stock, (b) there has been no increase in the funded indebtedness of Chromalloy or any subsidiary except for funded indebtedness of subsidiaries acquired after September 30, 1968, and except to the extent that Chromalloy increases its funded indebtedness after the date hereof in an aggregate amount not exceeding $20,000,000, (c) there has been no material adverse change in the condition (financial or other) or results of operations of Chromalloy and its subsidiaries taken as a whole, (d) the business, properties or assets of Chromalloy or any

subsidiary have not been adversely affected as the results of any strike, fire, accident, natural disaster or other casualty in a way material to Chromalloy and its subsidiaries as a whole, and (e) Chromalloy has not entered into any transaction or incurred any liabilities not in the ordinary course of business, except as referred to in this paragraph and except in connection with the acquisition of other companies, and except in connection with the change of Chromalloy's state of incorporation from New York to Delaware effected on October 31, 1968, by means of a statutory merger which resulted in the changes described in the Proxy Statement dated September 6, 1968, a copy of which has been delivered to Sabine.

(e) Chromalloy has good and marketable title to its properties and assets, including the properties and assets reflected in the 1968 balance sheet referred to in paragraph (d) above, except properties and assets disposed of in the ordinary course of business since that date, free and clear of liens and encumbrances, except those securing obligations in amounts not exceeding the amounts shown as secured debt on the 1968 balance sheet referred to in said paragraph (d) or disclosed by Chromalloy in a schedule delivered to Sabine and except minor imperfections of title which do not materially detract from the value or interfere with the use of the properties affected thereby.

(f) Neither the execution and delivery of this Agreement nor the consummation of the transactions

provided for herein will result in a breach of or constitute a default under the terms of any material loan agreement, mortgage, lease, contract, agreement or commitment to which Chromalloy is a party, or result in a violation of any provision of its certificate of incorporation or by-laws, or result in the creation of any lien or encumbrance on the assets of Chromalloy or any subsidiary, except in cases, if any, where consents or waivers are required from Chromalloy's senior lenders to the transactions contemplated by this Agreement or to permit Chromalloy to use all dividends or advances received by it from the Surviving Corporation to pay dividends to its stockholders.

(g) Except as disclosed in a schedule delivered to Sabine by Chromalloy, neither Chromalloy nor any subsidiary is engaged in or threatened with any material litigation or other proceedings, and neither Chromalloy nor any subsidiary is now subject to any decree, order or other governmental restriction or threat of same adversely affecting its business or assets or pertaining to the acquisition of corporations or businesses such as Sabine or assets such as those of Sabine.

(h) The shares of Convertible Preferred Stock of Chromalloy into which the Sabine Common Stock is to be converted at the effective date of the merger will immediately thereafter be validly issued, fully paid and non-assessable, and the Common Stock of Chromalloy issued upon conversion of such Convertible Preferred Stock shall be validly issued, fully paid and non-assessable.

4.3 Representations and Warranties of S.T. S.T. represents and warrants to Sabine as follows:

(a) S.T. is, and at all times prior to the effective date of the merger will be, a duly organized and validly existing corporation in good standing under the laws of the State of Delaware with corporate power and authority to own the property and conduct the businesses now owned and conducted by Sabine.

(b) Prior to the effective date of the merger S.T. will be duly qualified to do business as a foreign corporation in good standing in each jurisdiction where Sabine is qualified to do business.

(c) The outstanding capital stock of S.T. is correctly stated in Section 1.3 of this Agreement and such stock has been or will be prior to the effective date of the merger validly issued and fully paid and non-assessable.

(d) S.T. will not have, prior to the consummation of the merger, any commitments or liabilities except those incurred by it in connection with the transactions contemplated hereby.

(e) S.T. has delivered to Sabine a copy of its Certificate of Incorporation and By-Laws as in effect on the date of this Agreement and agrees not to amend same prior to the effective date of the merger except as provided in Sections 2.3 and 2.4.

5. COVENANTS

5.1 Covenants of Sabine. Sabine agrees that prior to the effective date of the merger it will:

(a) Not pay any dividend or make any other distribution on its Common Stock other than regular quarterly dividends of $2 per share in December and $1 per share in March, June, and September (which regular dividends Sabine shall be entitled to pay in the months indicated), incur or assume any additional funded debt except as same may be incident to the transactions described in the schedule furnished pursuant to Section 4.1(e), amend its certificate of incorporation or by-laws or take any other action, enter into any transaction or incur any liabilities that would render the representations and warranties of Sabine set forth in Section 4.1 hereof inaccurate as of the effective date of the merger except pursuant to commitments reflected in such schedule.

(b) Sabine has delivered to Chromalloy or will deliver to Chromalloy within thrity (30) days after the date of this Agreement the following:

(i) schedules describing all material leases, labor agreements, deeds to real estate, marine equipment, marine insurance policies, loan agreements and mortgages and will deliver or make available to Chromalloy complete and accurate copies of all items appearing on such schedules.

(ii) all agreements or contracts of Sabine (except for transportation invoices which, as to amount and quantity, are consistent with the ordinary course of Sabine's business heretofore contracted) which involve future payments by or to Sabine of more than $50,000 or which extend beyond one (1) year.

(iii) such other information concerning the business and affairs of Sabine as Chromalloy may reasonably request.

(c) Prior to the effective date of the merger Sabine will carry on its business in a diligent manner, will carry adequate insurance comparable to that in effect on the date of this Agreement, and unless consented to by Chromalloy will not waive any right or cancel any debt or claim of substantial value, or make any commitment or expenditure, except in any case in the ordinary course of business and except pursuant to commitments or plans reflected in the schedule furnished pursuant to Section 4.1(e).

(d) Sabine will permit Peat, Marwick, Mitchell & Co. to make a special audit of Sabine's financial condition to be completed, at Chromalloy's expense, prior to the effective date of the merger.

(e) Sabine will call a special meeting of its shareholders to be held on or before January 8, 1969, for the purpose of voting to adopt this Agreement.

(f) If necessary in order to obtain rulings from the Internal Revenue Service (or in the opinion of counsel for S.T., Chromalloy or Sabine to satisfy conditions in or conform to representations upon which such rulings are based) or opinions of counsel satisfactory to Sabine, Chromalloy and S.T. with respect to the

federal tax aspects of the transactions contemplated hereby, Sabine will, prior to the consummation of the merger, enter into an agreement with a bank or trust company having its principal place of business in Beaumont or Port Arthur, Texas, as Escrow Agent, providing that, immediately prior to consummation of the merger, Sabine will transfer to the Escrow Agent (i) funds in an amount to be agreed upon between Chromalloy and Sabine which shall be sufficient to discharge all liabilities of Sabine resulting from or attributable to the transactions contemplated herein (including, without limiting the generality of the foregoing, sufficient funds to pay in full Sabine's obligation for (a) the $325,000 brokerage commission payable upon consummation of the merger to C. J. Thibodeaux and Co., (b) $40,000 attorneys fee to Orgain Bell & Tucker, counsel for Sabine, and (c) all documentary stamps, transfer, recording, registration, sales, income, and excise fees and taxes, accounting and other professional fees, reimbursable costs incurred by attorneys and accountants, and miscellaneous expenses which may be imposed upon Sabine in respect of the transaction contemplated herein); and (ii) funds in an amount to be agreed upon between Chromalloy and Sabine which shall be sufficient to permit payment in full of all liabilities, costs and expenses in connection with demands for cash payments for shares of Common Stock of Sabine pursuant to Section 262 of the General Corporation Law of Delaware (including the amounts payable for such stock); provided, however, that in no event shall the aggregate amount so transferred to the Escrow Agent under clauses (i) and/or (ii) exceed ten per cent

(10%) of the then fair market value of the net assets of Sabine. The agreement with the Escrow Agent shall provide that escrowed funds shall be disbursed by such Agent only pursuant to the instructions of the Surviving Corporation and that any funds in escrow not otherwise disbursed shall be delivered to the Surviving Corporation; provided, however, that (i) the Agent shall pay the $325,000 brokerage commission to C. J. Thibodeaux and Co. immediately upon consummation of the merger without further instructions, (ii) the Surviving Corporation shall, subject to its right to direct the escrow agent to contest any given liabilities, costs, expenses and claims, give proper and prompt instructions to the Agent to pay all such valid liabilities, costs, and expenses of Sabine and valid and properly established claims pursuant to said Section 262, and (iii) the funds in escrow not otherwise disbursed shall not be delivered to the Surviving Corporation prior to receipt by the Agent and Orgain Bell & Tucker of written confirmation and verification by Peat, Marwick, Mitchell & Co. to the effect that all such liabilities, costs, expenses and claims have been paid.

(g) Sabine will promptly seek to obtain the requisite consent of the First City National Bank of Houston, Texas, and the other participating banks in the Loan Agreement dated May 24, 1967, between Sabine and said banks and the requisite consent of the mortgagee or mortgagees under the mortgage on the vessel Guadalupe, to the transactions contemplated herein, which consents are required by said Loan Agreement and mortgage, and

Sabine will likewise attempt to obtain a modification of the dividend covenant and such other covenants in said Loan Agreement as Chromalloy may reasonably request. No consent obtained from said banks shall be deemed satisfactory for the purpose of this Agreement unless it also includes a modification of the dividend covenant contained in said Loan Agreement so as to permit Sabine to pay annual dividends of at least $750,000 if its net earnings (computed from the original date of the loan) are sufficient to cover such annual dividends.

5.2 Covenants of Chromalloy. Chromalloy covenants and agrees:

(a) Prior to the effective date of the merger, it will not pay any dividend or make any other distribution on its Common or Convertible Preferred Stock, other than regular quarterly dividends, incur or assume any additional funded debt except to the extent contemplated in Section 4.2(d)(b), amend its certificate of incorporation or take any other action, enter into any transaction or incur any liabilities, or permit any subsidiary to do any of the foregoing, that would render the representations and warranties of Chromalloy set forth in Section 4.2 hereof inaccurate as of the effective date of the merger, except as permitted by Section 4.2(b), or cause or allow any amendment of the Articles of By-Laws of S.T., except as provided in Sections 2.3 and 2.4.

(b) It will file an application with the New York Stock Exchange for the listing on such Exchange

of the Convertible Preferred Stock of Chromalloy to be issued in accordance with this Agreement and all shares of Common Stock of Chromalloy that will be reserved for issuance upon conversion of such stock after the merger and will cause such Convertible Preferred Stock and Common Stock, once listed, to remain listed on such Exchange so long as other shares of Chromalloy's Convertible Preferred Stock in the case of the former and Chromalloy's Common Stock in the case of the latter are so listed.

(c) With respect to registration:

(1) Upon written request made after December 31, 1969, and before December 31, 1974, by one or more of the affiliated stockholders hereinafter defined in subparagraph (9) of this Section 5.2(c), Chromalloy will prepare and file a Registration Statement and will use its best efforts to secure prompt effectiveness of such Registration Statement under the Securities Act of 1933, and will make necessary filings and use its best efforts to secure prompt qualification under the securities laws of such states as such affiliated stockholder or stockholders making such request shall reasonably designate in no event to exceed fifteen states (provided that Chromalloy shall have no obligation to qualify the Special Shares under the Securities laws of any state which as a condition thereof would require Chromalloy to qualify to do business in such state and Chromalloy is not then already so qualified therein) as to such number of shares of Chromalloy Convertible Preferred Stock and/or Chromalloy Common Stock issued upon conversion of Chromalloy Convertible Preferred Stock received by

such affiliated stockholder or stockholders upon the merger herein described (any or all of Chromalloy Convertible Preferred or Common Stock so received being herein called the "Special Shares") as such affiliated stockholder or stockholders making such request propose to distribute pursuant to such registration; provided, however, that Chromalloy shall not be required: (i) to effect more than one such registration; or (ii) to effect such registration if the affiliated stockholder or stockholders making the request have been given one or more opportunities to register Special Shares pursuant to subsection (2) of this Section 5.2(c); or (iii) to effect registration of any such Special Shares if the aggregate market price (based on the closing price on the day Chromalloy receives such request) on the New York Stock Exchange of the Special Shares proposed to be registered is less than $1,000,000; or (iv) to include in such registration shares of Special Shares which certain stockholders of Sabine are prohibited from selling pursuant to the seventy five per cent (75%) restriction provided for in the written representations described in Section 6.2 (f); or (v) to effect said registration unless the affiliated stockholder(s) requesting the same furnish Chromalloy with an opinion of Messrs. Orgain Bell & Tucker to the effect that such registration is required in order to permit said affiliated stockholder(s) to effect the proposed sale or other disposition of their Special Shares. Such Registration Statement shall include

such information and meet such other legal requirements with regard thereto as may be reasonably necessary or appropriate to permit the affiliated stockholders to offer, sell, or otherwise dispose of their Special Shares (subject to the limitations in the preceding sentence) in the manner described in the request for the registration. Upon receiving any such request from an affiliated stockholder, Chromalloy will give written notice by certified mail to each of the other affiliated stockholders of the making of such request, and, upon the written request of any such other affiliated stockholder given within thirty (30) days after receipt of such notice, shall include any Special Shares (subject to the limitation set out in clause (iv) above) designated by such other affiliated stockholder in the Registration Statement and other filings described in this subparagraph (1).

(2) If at any time and from time to time during the first five (5) years after the effective date of the merger, Chromalloy proposes to register any of its Convertible Preferred Stock or Common Stock or any other class or series of Stock under the Securities Act of 1933 on form S-1, S-7 or the equivalent of either of such forms, Chromalloy will give written notice by certified mail to each of the affiliated stockholders of its intention to so register any of its aforesaid securities under the Securities Act, and, upon the written request of any of the affiliated stockholders given within thirty (30) days after the receipt of such notice, and accompanied by an opinion of the type specified

in clause (v) of subparagraph (1) of this Section 5.2 (c), Chromalloy will use its best efforts to cause such number of Special Shares (provided, however, Chromalloy shall not be obligated to include in such registration shares of Special Stock which certain Stockholders of Sabine are prohibited from selling pursuant to the seventy five per cent (75%) restriction provided for in the written representations described in Section 6.2(f)) as any affiliated stockholder(s) shall request to be registered under the Securities Act of 1933 and qualified under such of the securities laws of the various states as the affiliated stockholder(s) making such request shall reasonably designate, provided, further, that Chromalloy shall not be required to effect such registration if the total number of such Special Shares proposed to be registered by all affiliated stockholders requesting same has an aggregate market price of less than $25,000 determined in the manner specified in Section 5.2(c)(1)(iii) above. Chromalloy shall include in such registration statement such information and shall meet such other legal requirements with regard thereto as may be reasonably necessary or appropriate to permit the affiliated stockholders to offer, sell, or otherwise dispose of their Special Shares in the manner described in their request to be included in such registration.

(3) All costs and expenses in connection with any such registration specified in subsections (1) and (2) above, including without limitation all printing (including without limitation all copies of prospectuses

and amended prospectuses reasonably necessary to make the disposition proposed), legal and accounting fees and expenses, and SEC fees, shall be paid by Chromalloy, except that any person selling shares pursuant to this Section 5.2(c) shall pay (i) any and all brokers' or underwriters' commissions (not including expenses) proportionately relating to the sale of shares offered by such stockholder; (ii) fees and expenses in qualifying such Special Shares under state securities laws in those states and only those states designated by affiliated stockholders in a registration under Section 5.2(c)(1) in excess of fifteen (15) and those states (other than any eight (8) states designated by the affiliated stockholders which shall be at Chromalloy's expense whether otherwise designated or not) designated by affiliated stockholders in a registration under Section 5.2(c)(2) which are not otherwise designated by either Chromalloy or the underwriter or underwriters (provided that Chromalloy shall not be obligated to qualify the Special Shares under the state securities laws of any state which as a condition thereof would require Chromalloy to qualify to do business in such state and Chromalloy is not then already so qualified therein); and (iii) his own personal legal fees, if any, incurred in connection with such registration.

(4) In addition to rights under Section 5.2(c)(1) and (2) above, upon written request, made at any time after two (2) years subsequent to the effective date of the merger and before December 31, 1974, by one or more affiliated stockholders, Chromalloy will prepare and file a Registration Statement and will use its best efforts to secure prompt effectiveness of

such Registration Statement under the Securities Act of 1933, and will make necessary filings and use its best efforts to secure prompt qualification under the securities laws of such states as such affiliated stockholder or stockholders making such request shall reasonably designate in no event to exceed fifteen (15) states (provided that Chromalloy shall have no obligation to qualify the Special Shares under the Securities laws of any state which as a condition thereof would require Chromalloy to qualify to do business in such state and Chromalloy is not then already so qualified therein) as to such number of Special Shares as such affiliated stockholder or stockholders making such request propose to distribute pursuant to such registration; provided, however, that Chromalloy shall not be required: (i) to effect more than one such registration; or (ii) to effect said registration unless the affiliated stockholder(s) requesting the same furnish Chromalloy with an opinion of Messrs. Orgain Bell & Tucker to the effect that such registration is required in order to permit said affiliated stockholder(s) to effect the proposed sale or other disposition of their Special Shares; or (iii) to effect said registration unless the affiliated stockholder(s) requesting same shall agree to pay all reasonable out-of-pocket costs incurred by Chromalloy in connection with any such registration, including printing costs, legal fees, fees of independent accountants, SEC fees, and other expenses but excluding internal direct and overhead expenses and costs of Chromalloy; or (iv) to effect said registration until the affiliated stockholder(s) requesting the same have deposited such security as Chromalloy may reasonably request to secure payment of the costs specified in (iii) above; or (v) to effect such

registration if, pursuant to subparagraph (1) or (2) of this Section 5.2(c), Chromalloy:

(a) has theretofore caused a registration statement to become initially effective (as to all stock to be sold under such registration statement, whether or not the same included Special Shares) on a date more than two years and thirty (30) days after the effective date of the merger, or

(b) is at the time of request then exercising its best efforts to cause a registration statement to become effective, and such proposed registration in fact does subsequently become effective on a date more than two (2) years and thirty (30) days after the effective date of the merger;

and if in connection with any registration statement specified in (a) or (b) above the affiliated stockholders had in fact and pursuant to subparagraph (1) or (2) of this Section 5.2(c) been given the right not less than thirty (30) days before the initial effective date of such registration statement to register Special Shares for sale or other disposition free of the seventy five per cent (75%) restriction (provided for in the written representations described in Section 6.2(f) as of the date of the initial effectiveness (as to all stock to be sold under such registration statement, whether or not the same included Special Shares) of such registration statement. With regard to a registration under this Subparagraph (4), Chromalloy's obligation under subparagraph (6) of this Section 5.2(c) shall be conditioned upon agreement by such affiliated stockholder(s) to pay out-of-pocket expenses (as described above) incurred by Chromalloy in

the performance of such obligation, and upon deposit of such reasonable security as Chromalloy may request to secure payment of the same. Such Registration Statement shall include such information and meet such other legal requirements with regard thereto as may be reasonably necessary or appropriate to permit the affiliated stockholder(s) to offer, sell, or otherwise dispose of their Special Shares in the manner described in the request for the registration. Upon receiving any such request from an affiliated stockholder, Chromalloy will give written notice by certified mail to each of the other affiliated stockholders of the making of such request, and, upon the written request of any such other affiliated stockholder given within thirty (30) days after receipt of such notice, shall include any Special Shares designated by such other affiliated stockholder in the Registration Statement and other filings described in this subparagraph (4) if said stockholder agrees to pay his proportionate part of the costs and expenses (including the deposit of reasonable security) which the affiliated stockholder(s) requesting registration under this subparagraph is obligated to pay.

(5) Any person whose shares are included in any Registration Statement described in this Section 5.2(c) shall provide Chromalloy with such information as may be reasonably requested from him by Chromalloy in connection with such Registration Statement and will cooperate to cause such

Registration Statement to become effective at the earliest possible time.

(6) Chromalloy shall use its best efforts, including without limitation the filing of all post-effective amendments as may be necessary to keep effective any Registration Statement described in this Section and any prospectus issued in connection therewith for a period of at least six (6) months after the initial effective date thereof.

(7) In the event of any registration of Special Shares pursuant to Section 5.2(c) Chromalloy and the persons disposing of Special Shares under the registration shall indemnify and hold each other harmless against any and all losses, claims, damages or liabilities (including any reasonable legal or other expenses of investigating or defending any actions) insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement of any material fact contained in such Registration Statement, the final Prospectus contained therein, or any amendment or supplement to either of them, or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission was made therein (1) in reliance upon and in conformity with information furnished or included by the party from whom idemnity is sought for use in the preparation thereof, or (2) as a result of the failure of the party from whom indemnity is sought to furnish or include any material

information required to be included therein. Such indemnity from the persons disposing of Special Shares shall also run in favor of the underwriter or underwriters who join in the registration on the condition that such underwriter or underwriters provided identical indemnities to said persons. In any registration pursuant to subparagraphs (1) or (2) of Section 5.2(c), Chromalloy shall pay the cost of any insurance demanded by any underwriter to insure the indemnity obligation of Chromalloy and/or the affiliated stockholders.

(8) Each affiliated stockholder shall provide Chromalloy with an address to which any notice required under the terms hereof shall be sent. The obligation of Chromalloy to give notice under the provisions of this Section 5.2(c) shall be complied with upon posting, by certified mail, postage prepaid, any such notices (i) to such affiliated stockholders as have furnished such addresses, or (ii) to other persons entitled to receive notices under the provisions of subparagraph (10).

(9) The persons designated on a schedule initialled by Chromalloy and Sabine are defined as the "affiliated stockholders" and each of them is defined as an "affiliated stockholder" for the purposes of this Agreement. The heirs, legatees, donees, and personal representatives of an affiliated stockholder shall also be deemed to be affiliated stockholders with respect to Special Shares received from an affiliated stockholder for the purpose of this Section 5.2(c); provided, however, that Chromalloy shall not be required to recognize such person as an affiliated stockholder until it has received notice of such person's address as provided in Section 5.2 (c)(8).

(10) In the event of the proposed filing of any Registration Statements including Special Shares for which an affiliated stockholder(s) requests registration pursuant to this Section 5.2(c), Chromalloy shall give not less than fifteen (15) days prior written notice of such proposed registration to all pledgees or assignees holding Special Shares pledged or assigned by an affiliated stockholder, and such pledgees or assignees (including any purchaser at a pledgee's sale including the pledgee itself) shall, upon giving written notice to Chromalloy within fifteen (15) days of the date of mailing of such notice from Chromalloy, have the right to have the Special Shares acquired from such affiliated stockholder included in such registration on the same basis and subject to the same conditions and restrictions as the affiliated stockholders are entitled to have their stock included in any such registration under the provisions of this Section 5.2(c); provided, however, that Chromalloy shall not be obligated to so notify any pledgee or assignee or to include their Special Shares in any registration unless the affiliated stockholder who pledged or assigned the same has given Chromalloy written notice of the name and address of the pledgee or assignee for the purpose of this subparagraph (10). The pledgees and assignees referred to in this subparagraph (10) are not to be deemed "affiliated stockholders" for the purposes of this Section 5.2(c).

(d) After the effective date of the merger, Chromalloy agrees to nominate as part of the slate proposed by management one member of Sabine's present Board of Directors, which member is to be designated in writing by Sabine on or before the effective date, for election to Chromalloy's Board of Directors at the next annual meeting of Chromalloy's shareholders before

June 15, 1969, and to cause management to recommend and exercise its best efforts to secure the election of such nominee, and in the event a vacancy occurs on Chromalloy's Board of Directors prior to said annual meeting, Chromalloy agrees to fill such vacancy with said person. If the designated member of Sabine's Board is not elected to the Chromalloy Board of Directors by June 15, 1969, Chromalloy agrees to take the necessary Board action to increase the number of its Directors and to have the Board elect such designated Sabine representative to fill the new position on the Chromalloy Board of Directors.

(e) Prior to the effective date of the merger, Chromalloy will duly designate an additional 126,400 shares of its authorized but unissued Preferred Stock as Convertible Preferred Stock and will file an appropriate certificate pursuant to the General Corporation Law of the State of Delaware reflecting such designation and authorize the issuance of such Convertible Preferred Stock pursuant to this Agreement.

(f) Chromalloy will not for a period of five (5) years immediately following the effective date of the merger exercise its rights to redeem or call for redemption any of the 126,400 shares of Convertible Preferred Stock to be received by the holders of Sabine Common Stock in connection with its merger into S.T. If Chromalloy breaches the aforesaid covenant not to redeem, any holder of Sabine Common Stock who is damaged thereby shall, in addition to any other action for damages or other legal remedy which such person may have, be entitled to indemnification and reimbursement from Chromalloy for any additional federal income tax (including interest and penalties, if any) incurred by such person due to the redemption causing

the Convertible Preferred Stock received by such person in connection with the merger to be treated as "Section 306 Stock" within the meaning of Section 306 of the Internal Revenue Code, and for any income tax payable by reason of the satisfaction by Chromalloy of its obligations under this indemnity.

(g) For a period of not less than two (2) years after the effective date of the merger, Chromalloy will vote its stock in the Surviving Corporation for the election of Messrs. M. T. Ball, Harley T. Eddingston, Jr., Roy Henry Fredrichsen, O. B. Hartzog, James A. Holton and Craig Stevenson to the Board of Directors of the Surviving Corporation; provided, however, that Chromalloy shall not be obligated to so vote its stock for the election of any one or more of said persons in the event of the mental or physical incapacity of such person(s) or if Chromalloy has reasonable cause for the removal of such person(s) from the Board of Directors of the Surviving Corporation.

(h) By execution of this Agreement, Chromalloy agrees to vote the Common Stock of S.T. in favor of the merger unless it or S.T. has exercised one of the rights of termination specified in Section (6).

(i) It will use its best efforts to obtain such consents or waivers from its senior lenders as may be required with regard to the transactions contemplated herein.

(j) Chromalloy agrees that no stop transfer orders will be placed with its transfer agent(s) which would prevent the transfer by the affiliated stockholders or any other holder of Special Shares in a manner permitted with regard to Sabine stockholders signing the written representations

referred to in 6.2(f). Copies of opinions of counsel submitted to the transfer agent in connection with transfers of Special Shares shall also be provided by such counsel to Chromalloy and to counsel theretofore designated by Chromalloy contemporaneously with or prior to the delivery of such opinions to the transfer agent. Chromalloy further agrees that all stop transfer orders effecting Special Shares registered in the name of a given affiliated stockholder (or his donees, pledgees, assigns, heirs, legatees or personal representatives) will be withdrawn after receipt of opinions from Chromalloy's counsel and from Messrs. Orgain Bell & Tucker to the effect that transfers by such affiliated stockholder (or his donees, pledgees, assigns, heirs, legatees or personal representatives) are no longer subject to the restrictions imposed by the written representations described in Section 6.2(f) and may thereafter be made without violating the securities laws; provided, however, that Chromalloy will withdraw such stop transfer orders if a so called "no action" letter is obtained from the Securities and Exchange Commission in the event Chromalloy's counsel does not concur in the opinion of Messrs. Orgain Bell & Tucker.

5.3 Covenants of S.T. S.T. covenants and agrees:

(a) For a period of not less than five (5) years following the effective date of the merger, S.T. agrees to maintain the group life insurance coverage, pension plan and other employee fringe benefits presently maintained by Sabine for the benefit of its non-union officers and non-union employees and disclosed to S.T. in the schedule referred to in Section 4.1 (j); provided, however, that in the event equal or greater benefits can be made available to Sabine's non-union personnel who will become non-union personnel of S.T. under one or more

of Chromalloy's corresponding plans, S. T. may substitute such plans for the presently existing Sabine plan and provided further that S.T. may purchase different group life insurance or adopt or amend the present pension and other employee benefit plans maintained by Sabine for non-union personnel so long as the benefits to such Sabine personnel are equal to or are better than the benefits under Sabine's presently existing group life insurance policies or pension or employee benefit plans.

(b) For a period of not less than two (2) years after the effective date of the merger and so long as any of Messrs. Ball, Eddingston, Jr., Fredrichsen, Hartzog, Holton and Stevenson remain on the Board of Directors of the Surviving Corporation, S.T. will retain each of said persons who does so remain on the Board as an officer of the Surviving Corporation and will pay such persons as salaries $150 per month representing their present compensation as officers of Sabine (except in the case of Fredrichsen who will be employed for such period at the salary presently paid to him by Sabine of $11,640 per year including his aforesaid compensation as an officer) and such persons shall also during their employment as officers remain eligible for participation in the Surviving Corporation's group life insurance, pension and other employee benefit plans to the same extent that they participated in the corresponding plans of Sabine. S.T. shall pay each director fees of $100 per meeting (not to exceed $600 per year) plus reasonable travel expense to attend meetings, such fees to be paid to all directors, including directors who may also be officers or employees of S.T.; provided, however, that S. T. may if it so elects pay additional Director's fees to persons

on its Board who are not otherwise on S.T.'s payroll.

(c) For the period of time it continues to carry on any of the business activities presently carried on by Sabine, S.T. agrees to conduct such operations under the same name, insignia, and flag as that presently used by Sabine.

5.4 General Covenants. Chromalloy, S.T. and Sabine agree that prior to the effective date of the merger:

(a) Chromalloy and Sabine each may make such investigation of the property, equipment, plants and financial condition of the other as each deems necessary or advisable and upon request shall allow to the other full access to its premises, books and records at reasonable times and under reasonable circumstances. If this Agreement should be terminated, as herein provided, Sabine, S. T. and Chromalloy shall each keep confidential any information (unless readily ascertainable from public information) obtained from the other concerning the properties, operations and business of the other and shall return to the other any statements, documents, or other written information obtained from the other in connection therewith.

(b) Neither Chromalloy, Sabine nor any of Chromalloy's subsidiaries shall enter into any material transactions not in the ordinary course of business except with the written consent of the other; provided, however, that Chromalloy or any subsidiary may without such consent acquire other businesses for Preferred or Common Stock of Chromalloy, or increase funded indebtedness to

the extent permitted by Section 4.2(d) and Sabine may enter into transactions disclosed on the schedule referred to in Section 4.1(e). Chromalloy, Sabine and S. T. will cooperate with one another in carrying out as promptly as practicable the transactions contemplated herein, and in delivering all documents and instruments deemed necessary or useful by counsel for any party.

6. TERMINATION

This Agreement, except for provisions hereof that by their terms continue, may be terminated and the merger herein provided for abandoned without liability on the part of any party to the others, unless the termination is brought about by the willful failure of one of the parties to perform or comply with an agreement or covenant to be performed or complied with by it hereunder, at any time prior to the effective date of the merger, whether before or after shareholder action by either or both of the Constituent Corporations approving and adopting this Agreement as follows:

6.1 Mutual Right to Terminate. This Agreement may be terminated at any time prior to the effective date by mutual consent of the Boards of Directors of Chromalloy and the Constituent Corporations. This Agreement may also be terminated by the Board of Directors of either Chromalloy, S.T. or Sabine if:

(a) the merger shall not have become effective prior to February 20, 1969.

(b) This Agreement and the transactions contemplated hereby shall have been voted on by the shareholders of Sabine and shall not have received the requisite vote for adoption and approval.

(c) The Convertible Preferred Stock of Chromalloy to be issued in the merger or the Common Stock into which it will be convertible shall not have been approved for listing and issuance authorized by the New York Stock Exchange prior to the effective date of the merger.

(d) Any action or proceeding shall be pending or threatened before any court or other governmental body by any person or public authority seeking to restrain or prohibit, or to obtain damages or other relief (other than appraisal rights under §262 of the General Corporation Law of Delaware) in connection with, the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(e) A ruling with respect to the tax consequences to Sabine, Chromalloy, S.T., and the stockholders of each, of the proposed transactions from the Internal Revenue Service satisfactory to counsel for Sabine and counsel for Chromalloy and S.T., or in lieu thereof, in the event that all three parties agree to accept same and only in such event, an opinion of counsel satisfactory to Chromalloy, S.T., and Sabine, shall not have been received prior to the effective date of the merger, which ruling or opinion shall provide that, among other matters deemed necessary by counsel for Sabine, Chromalloy, or S.T., (i) the merger and the distribution of the Chromalloy Convertible Preferred Stock will not result in the recognition of gain or loss to the shareholders of Sabine, (ii) the Convertible Preferred Stock of Chromalloy will not constitute "Section 306 stock" within the meaning of the Internal Revenue Code, and (iii) no gain or loss will be recognized by Sabine, S.T. or Chromalloy in connection with the transactions contemplated by this Agreement and the same will be treated as a tax free reorganization under Section 368 of the Internal Revenue Code. Such a ruling or opinion (if all

three parties agree to accept an opinion) must be satisfactory (a) to counsel for Sabine as to the income tax consequences of this transaction to Sabine and to its stockholders and (b) to counsel for Chromalloy and S. T. as to the income tax consequences of this transaction to Chromalloy and to S. T.

(f) The Boards of Directors of Chromalloy and the Constituent Corporations do not approve the execution of this Agreement and the transactions contemplated hereby prior to December 13, 1968.

6.2 Termination by Chromalloy or S. T. This Agreement may be terminated by the Board of Directors of Chromalloy or S. T. if:

(a) Except as contemplated hereby, the representations and warranties of Sabine herein contained are not true on the effective date of the merger with the same effect as though made on and as of such date, subject to such fires, accidents, natural disasters and other casualties as may have occurred between the date of this Agreement and the effective date of the merger which are fully insured (other than for such portions as may fall within policy deductibles), or if Sabine shall not have performed or complied with any agreement or covenant required by this Agreement to be performed or complied with by it prior to the effective date of the merger.

(b) Chromalloy and Sabine shall not have obtained satisfactory consents of the type referred to in Sections 4.1(g), 4.2(f) and 5.1(g), including permission from Chromalloy's Senior Lenders to pay dividends out of 100%

of the dividends or other earnings received by it from the Surviving Corporation.

(c) The results of the special audit of Sabine's financial condition referred to in Section 5.1(d) are not satisfactory to Chromalloy.

(d) In the judgment of Chromalloy or S. T. the merger would be inadvisable because one or more stockholders of Sabine have dissented from the merger and are in a position to demand payment of the appraised value of their shares.

(e) Either Robert Williams or Joseph Staggs shall have failed to enter into an employment agreement with the Surviving Corporation prior to the effective date of the merger, said employment agreements to provide for terms of not less than five (5) years and salaries not less than the salaries presently paid to Messrs. Williams and Staggs, respectively, by Sabine.

(f) Chromalloy shall not have received, prior to the effective date of the merger, written representations concerning compliance with Rule 133 of the Securities Act of 1933 and retention of a portion of the Chromalloy Convertible Preferred Stock to be issued to Sabine's shareholders from such stockholders of Sabine as Chromalloy's counsel or Peat, Marwick, Mitchell & Co. may deem necessary in the form of a draft letter agreed to and initialed by Chromalloy and Sabine contemporaneously with the execution of this Agreement.

(g) Chromalloy shall not have received written confirmation from Peat, Marwick, Mitchell & Co. that the

merger of Sabine into the Surviving Corporation may be treated by Chromalloy and the Surviving Corporation as a "pooling of interests" for accounting purposes, conditioned upon the closing of this transaction as contemplated herein and the receipt by Chromalloy of the written representations called for in (f) above.

(h) Chromalloy and S.T. shall not have received from Messrs. Orgain Bell & Tucker, counsel for Sabine, an opinion dated the effective date of the merger, in form and substance satisfactory to Chromalloy, to the effect that:

(i) Sabine is a corporation duly organized and validly existing under the laws of Delaware, has corporate power and authority to own its property and carry on its business as now being conducted and (except to the extent qualified in a schedule delivered to Chromalloy) is qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or the nature of the business transacted by it makes such qualification necessary; and the licenses, franchises, permits and other governmental authorizations held by Sabine are valid and sufficient for all business presently carried on by it;

(ii) The authorized and outstanding capital stock of Sabine is as set forth in Section 1.4 hereof; and all issued and outstanding shares of Sabine have been validly authorized and issued and

are fully paid and non-assessable;

(iii) No authorizations or approvals of any federal, state, municipal or other regulatory bodies (other than the Maritime Commission as to the transfer of vessels and the Federal Communications Commission as to the transfer of radio licenses) are required with respect to the participation of Sabine in the merger and the transactions contemplated by this Agreement;

(iv) All corporate and other proceedings required to be taken by or on the part of Sabine to authorize it to carry out this Agreement and to merge into S.T. as herein provided have been duly and validly taken, and this Agreement is a valid and legally binding obligation of Sabine in accordance with its terms;

(v) To the best knowledge and belief of such counsel, there is no litigation pending or threatened of the type referred to in Section 4.1(h) hereof or any material litigation or other proceedings pending or threatened against Sabine except as disclosed on the schedule referred to in Section 4.1(h); save and except litigation or claims which are fully insured other than for such portions as may fall within policy "deductibles"; and

(vi) The persons listed in the schedule referred to in Section 5.2(c) are the only persons who, in the opinion of such counsel, may be deemed to be "affiliates" of Sabine within the meaning of Rule 133

promulgated under the Securities Act of 1933, or, in lieu thereof, the names of all persons who, in the opinion of such counsel, may be deemed to be affiliates of Sabine. Any person so named by such counsel who is not listed on said schedule shall be added to said schedule for all purposes under this Agreement.

In rendering the foregoing opinions, such counsel may rely on certificates of corporate officers as to factual matters, and certificates issued by officials of governmental authorities as to good standing and qualification, and upon opinions of other counsel satisfactory to Chromalloy.

(i) Sabine shall have failed to deliver to Chromalloy prior to the effective date of the merger any certificates that Chromalloy may reasonably request with respect to the satisfaction of the foregoing conditions, or if any legal matter in connection with this Agreement and the transactions contemplated hereby shall not meet with the approval of Messrs. Thompson Mitchell Douglas & Neill, counsel for Chromalloy, which approval shall not be unreasonably withheld.

(j) Chromalloy shall not have received a letter, dated the effective date of the merger, from Peat, Marwick, Mitchell & Co., in form and substance satisfactory to Chromalloy, to the effect that, on the basis of a limited review of the interim financial statements of Sabine, consultations with its officers responsible for financial and accounting matters and other specified procedures and inquiries, nothing came to their attention which in their judgment would indicate

that during the period from August 31, 1968, to a specified date not more than seven (7) days prior to the effective date of the merger there has been any material adverse change in the financial condition or results of operations of Sabine; provided, however, that changes resulting solely from the matters specified in the schedule delivered pursuant to §4.1(e) or resulting from adjustments or changes in accounting procedure made by Peat, Marwick, Mitchell & Co. incident to preparation of its report as of August 31, 1968, shall not be deemed material or adverse.

(k) Chromalloy and S.T. shall have no right to terminate with regard to matters covered in Section 6.2 (c), (e) and (g) after January 3, 1969, and notice of any such election to terminate shall be delivered to Sabine prior to January 8, 1969. Any election to terminate by

Chromalloy or S. T. with regard to consents or waivers from banks, Senior Lenders and mortgagees as provided in Section 6.2(b) above, must be exercised by January 7, 1969, or within five (5) days after receipt by Chromalloy of notification of action to be taken by such banks, Senior Lenders, and mortgagees, whichever is later.

6.3 Termination by Sabine. This Agreement may be terminated by the Board of Directors of Sabine if:

(a) Except as contemplated hereby, the representations and warranties of Chromalloy or S.T. herein contained are not true on the effective date of the merger with the same effect as though made on and as of such date, subject to such fires, accidents, natural disasters and other casualties as may have occurred between the date of this Agreement and the effective date of the merger which are fully insured (other than for such portions as may fall within policy deductibles), or if Chromalloy or S. T. shall not have performed or complied with any agreement or covenant required by this Agreement to be performed or complied with by either of them prior to the effective date of the merger.

(b) Sabine shall not have received from Messrs. Parr Doherty Polk & Sargent and Thompson Mitchell Douglas & Neill, counsel for Chromalloy and S. T., opinions from either or both of said counsel dated the effective date of the merger, in form and substance satisfactory to Sabine, to the effect that

(i) Chromalloy and S.T. are corporations duly organized and validly existing under the laws of Delaware and each has corporate power and authority to own its property and carry on its business as now being conducted and, except as described on

the schedule referred to in Section 4.2(a), is qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or the nature of the business transacted by it makes such qualification necessary, and the merger of Chromalloy American Corporation, a New York corporation, into Chromalloy was lawfully authorized, valid and effective to vest ownership in Chromalloy of all property owned by such New York corporation, subject only to whatever individual legal rights (other than the right to invalidate or set aside said merger) certain former stockholders of Mississippi Valley Barge Line Company may be able to enforce;

(ii) the authorized and outstanding capital stock of Chromalloy and S.T. is as set forth in Sections 1.2 and 1.3 hereof, except for changes that have occurred under the circumstances described therein, and the shares of Convertible Preferred Stock of Chromalloy into which the Sabine Common Stock is to be converted at the effective date of the merger will immediately thereafter be validly issued, fully paid and non-assessable; the shares of Chromalloy Common Stock into which such shares of Convertible Preferred Stock are convertible have been duly reserved for issuance and, upon conversion of such shares of Convertible Preferred Stock in accordance with the terms thereof, will be validly issued, fully paid and non-assessable;

(iii) All corporate and other proceedings required to be taken by or on the part of Chromalloy and S.T. to authorize each of them to carry out this Agreement and for S.T. to merge with Sabine as herein provided have been duly and validly taken, and this Agreement is a valid and legally binding obligation of Chromalloy and S.T. in accordance with its terms;

(iv) To the best knowledge and belief of such counsel, there is no material litigation or other proceedings pending or threatened against Chromalloy or S.T. except as disclosed on the schedule referred to in Section 4.2(g); save and except litigation of claims which are fully insured other than for such portions as may fall within policy "deductibles"; and

In rendering the foregoing opinion, such counsel may rely on Certificates of corporate officers as to factual matters, and certificates issued by officials of governmental authorities as to good standing and qualification, and upon opinions of other counsel satisfactory to Sabine.

(c) Chromalloy or S.T. shall have failed to deliver to Sabine prior to the effective date of the merger any certificates that Sabine may reasonably request with respect to the satisfaction of the foregoing conditions, or if any legal matter in connection with this Agreement and

the transactions contemplated hereby shall not meet with the approval of Messrs. Orgain Bell & Tucker, counsel for Sabine, which approval shall not be unreasonably withheld.

7. EXPENSES

7.1 Expenses. If the merger contemplated hereby is completed, all liabilities, costs, and expenses incurred by Sabine resulting from or attributable to the transactions contemplated in this Agreement shall be paid out of the escrow fund established pursuant to Section 5.1(f) hereof if such escrow fund is established or by the surviving corporation if it is not established. Chromalloy and S.T. shall each pay their respective expenses. If this Agreement is terminated, expenses incurred shall be borne by the parties incurring the same.

8. MISCELLANEOUS

8.1 Brokerage. Each of the parties represents to the other that no person, firm or corporation has acted in the capacity of broker or finder on its behalf to bring about the negotiation of this Agreement other than C.J. Thibodeaux & Co. whose fee of $325,000 upon the effectiveness of the merger will be paid by Sabine out of the escrow fund established pursuant to Section 5.1(f) hereof or by the surviving corporation if such escrow fund is not established.

8.2 Representations and Warranties. The representations and warranties of Chromalloy and the Constituent Corporations contained in Article 4 hereof shall not survive the effectiveness of the merger.

8.3 Notices. Any notices or other communications required or permitted hereunder to Chromalloy, S.T. or Sabine shall be sufficiently given if delivered in person or sent by registered or certified mail, postage prepaid, addressed as follows:

In the case of Chromalloy or S.T.

Chromalloy American Corporation
411 North Seventh Street
St. Louis, Missouri 63101

Attention: W.J. Barta, Executive Vice President-Marine

In the case of Sabine:

Sabine Towing & Transportation Co., Inc.
P. O. Drawer 1528
Port Arthur, Texas 77640

Attention: Craig Stevenson, Vice President

8.4 Waivers and Amendment. Any failure by Chromalloy or either of the Constituent Corporations to comply with any of its obligations, agreements or covenants as set forth herein may be expressly waived in writing authorized by the Board of Directors of Sabine in the case of a default by Chromalloy or S.T., and by Chromalloy and S.T. in the case of a default by Sabine. This Agreement may be amended or modified in whole or in part any time prior to the vote of the shareholders of Sabine by an agreement in writing executed in the same manner as this Agreement and making specific reference thereto.

8.5 Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by Chromalloy and by each of the Constituent Corporations as of the date first above written.

CHROMALLOY AMERICAN CORPORATION

By /s/ A. J. deMayo
Executive Vice President (Title)

CHROMALLOY AMERICAN CORPORATION
(CORPORATE SEAL)
1968
DELAWARE
/s/ B. C. Johnson
Assistant Secretary

S. T. INC.

By /s/ W. J. Barta
President (Title)

S. T. INC.
(CORPORATE SEAL)
1968 DELAWARE
ATTEST:

/s/ W. S. Walch
Assistant Secretary

SABINE TOWING & TRANSPORTATION CO., INC.

By /s/ M. T. Ball
(Title)

SABINE TOWING & TRANSPORTATION CO., INC. Chairman of the Board
(CORPORATE SEAL)
1968 DELAWARE
ATTEST:

/s/O. B. Hartzog
Secretary

SECRETARIES' CERTIFICATES

I, W. S. WALCH, the Assistant Secretary of S. T. INC., a Delaware corporation (the "Corporation"), hereby certify that the Agreement and Plan of Merger dated as of November 15, 1968, to which this Certificate is attached, after having first been duly signed on behalf of the Corporation by its President and Assistant Secretary under the corporate seal of the Corporation, was duly adopted on behalf of the Corporation by the holder of all of the outstanding shares of capital stock of the Corporation by means of a written consent filed with the Corporation's permanent minutes, and that said written consent was made and executed in accordance with the provisions of Section 228 of the Delaware Corporation Law.

WITNESS my hand and the corporate seal of S. T. INC. this 8th day of January, 1969.

/s/ W. S. Walch
Assistant Secretary

S. T. INC.

[CORPORATE SEAL]
1968 DELAWARE

I, O. B. HARTZOG, the Secretary of SABINE TOWING AND TRANSPORTATION CO., INC., a Delaware corporation (the "Company"), hereby certify that the Agreement and Plan of Merger dated as of November 15, 1968, to which this Certificate is attached, after having first been duly signed on behalf of the Company by the Chairman of the Board and Secretary under the corporate seal of the Company, was duly submitted to the stockholders of the Company at a special meeting thereof called for the purpose of considering and acting upon the proposed Agreement and Plan of Merger and held after due notice on the 8th day of January, 1969, and that at said special meeting the Agreement and Plan of Merger was considered and a vote by ballot, in person or by proxy, was taken for the adoption or rejection of the same, each share of the issued and outstanding capital stock of the Company entitling the holder thereof to one vote, and that more than two-thirds of the total number of outstanding shares of the capital stock of the Company were voted for the adoption of said Agreement and Plan of Merger.

WITNESS my hand and the corporate seal of SABINE TOWING AND TRANSPORTATION CO., INC. this 8th day of January, 1969.

/s/ O. B. Hartzog
Secretary

SABINE TOWING & TRANSPORTATION CO., INC.

[CORPORATE SEAL]
1960
DELAWARE

EXECUTION OF CONSTITUENT CORPORATIONS
AFTER SHAREHOLDER APPROVAL

IN WITNESS WHEREOF, the foregoing Agreement and Plan of Merger dated as of November 15, 1968, having been duly adopted by the stockholders of the Constituent Corporations named therein, and the fact of such adoption having been certified thereon, said Agreement and Plan of Merger has been duly executed by each of the Constituent Corporations as of the 8th day of January, 1969.

S. T. INC.

By /s/ W. J. Barta
President

S. T. INC.
[CORPORATE SEAL]
1968 DELAWARE
ATTEST:

/s/ W. S. Walch
Assistant Secretary

SABINE TOWING AND TRANSPORTATION CO., INC.

By /s/ M. T. Ball
Chairman of the Board

SABINE TOWING & TRANSPORTATION CO., INC.
[CORPORATE SEAL]
1960 DELAWARE
ATTEST:

/s/ O. B. Hartzog
Secretary

ACKNOWLEDGEMENTS

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

On this 8th day of January, 1969, before me personally came W, J. Barta, to me known, who, being by me duly sworn, did depose and say that he is the President of S. T. INC., a Delaware corporation and one of the Constituent Corporations named in and which executed the Agreement and Plan of Merger dated as of November 15, 1968, to which this Acknowledgement is attached; that he acknowledged said Agreement and Plan of Merger to be the act, deed and agreement of S. T. INC.; that the facts stated in said Agreement and Plan of Merger are true; that the signatures of the President and Assistant Secretary of S. T. INC. to said Agreement and Plan of Merger are in the handwriting of said President and Assistant Secretary, and that the seal affixed to said Agreement and Plan of Merger is the corporate seal of S. T. INC.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office on the day and year aforesaid.

/s/ Doris Jung
Notary Public

My commission expires: February 10, 1972

[SEAL]

DORIS JUNG
NOTARY PUBLIC
CITY OF ST. LOUIS, MO.

STATE OF TEXAS)
) SS.
COUNTY OF JEFFERSON)

On this 8th day of January, 1969, before me personally came M. T. BALL, to me known, who, being by me duly sworn, did depose and say that he is the Chairman of the Board of SABINE TOWING AND TRANSPORTATION CO., INC., a Delaware corporation and one of the Constituent Corporations named in and which executed the Agreement and Plan of Merger dated as of November 15, 1968, to which this Acknowledgement is attached; that he acknowledged said Agreement and Plan of Merger to be the act, deed and agreement of SABINE TOWING AND TRANSPORTATION CO., INC.; that the facts stated in said Agreement and Plan of Merger are true; that the signatures of the Chairman of the Board and Secretary of SABINE TOWING AND TRANSPORTATION CO., INC. to said Agreement and Plan of Merger are in the handwriting of said Chairman of the Board and Secretary; and that the seal affixed to said Agreement and Plan of Merger is the corporate seal of SABINE TOWING AND TRANSPORTATION CO., INC.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

/s/ J. WOOD
Notary Public

My commission expires: June 1, 1969

[SEAL]

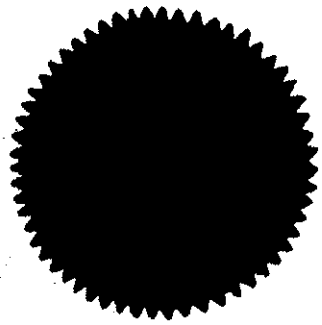
XXXXXX
NOTARY PUBLIC
COUNTY OF JEFFERSON, TEXAS

State of Delaware

Office of Secretary of State.

I, Elisha C. Dukes, Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of Certificate of Agreement of Merger of the "SABINE TOWING & TRANSPORTATION CO., INC.", merging with and into the "S. T. INC.", under the name of "SABINE TOWING & TRANSPORTATION CO., INC.", as received and filed in this office the fourteenth day of January, A.D.1969, at 2 o'clock P.M.

In Testimony Whereof, I have hereunto set my hand and official seal at Dover this fourteenth day of January in the year of our Lord one thousand nine hundred and sixty-nine.



Elisha C Dukes

Secretary of State

A L Simms

Ass't Secretary of State

FORM 120

The State of Texas
Department of State

I, ROY R. BARRERA, SECRETARY OF STATE

OF THE STATE OF TEXAS, DO HEREBY CERTIFY, that

S. T., INC.; a foreign corporation,

incorporated under the laws of the State of Delaware, has heretofore, to-wit, on the

12th. day of December, 1968, been granted a permit to do business in the State of Texas for a period of ten years from said date subject to the laws of this State; and that said corporation on this date has filed in this office a certified copy of an amendment to its articles of incorporation

Agreement of Merger merging SABINE TOWING & TRANSPORTATION CO., INC. into the above and changing the corporate name to SABINE TOWING & TRANSPORTATION CO., INC.

and has paid the fees prescribed by law, and said corporation is entitled to do business in the State of Texas under said permit for the balance of the term thereof, subject to the laws of Texas to the extent, and as in said permit prescribed.

Dated, signed and sealed 30th. day of January, 19 69, at Austin, Texas.

Secretary of State